

INSTITUTE AND FACULTY OF ACTUARIES

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2019

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These financial statements for the year to 28 February 2019 are a consolidation of the Institute and Faculty of Actuaries (IFoA) and, its wholly owned subsidiaries; Institute and Faculty Education Limited (IFE Limited), ICA 98 Limited and Continuous Mortality Investigation Limited (CMI Limited). In addition its 50% owned joint venture company (with Society of Actuaries) CAA Global Limited is brought in as an investment in an associate company. The commentary in this review relates to the operating activities of the Group.

Operating results

Total revenue for 2019 of £38.3m (£29.1m for the IFoA) represents an increase of 10% over the 2018 figure of £34.8m (£26.5m for the IFoA).

The Group income includes the turnover and expenditure of the following group companies:

- Institute and Faculty Education Limited (IFE Ltd) which provides tuition to persons studying for the professional examinations of the IFoA,
- Continuous Mortality Investigation Limited (CMI Ltd) which accumulates and analyses data on mortality and morbidity risks arising under life assurance, annuity and pension business, and
- ICA 98 Limited which provides services to IFoA members and students based in the Asia Pacific region.

On an associate company.

- CAA Global Limited which provides examination services for the Certified Actuarial Analyst

The main source of revenue for the IFoA (as opposed to the other Group companies) is from members' fees and subscriptions, which made up 47.4% (2018: 49.2%) of total revenue.

Revenue summary – percentage of total revenue (IFoA only)	2019	2018
Subscriptions and fees	47.4%	49.2%
Pre-qualification learning	41.3%	37.8%
Post-qualification learning and development	10.4%	12.1%
Other income including from Investments	0.9%	0.9%

During the year the number of Fellows increased by 4.0% to 14,393 (2018:13,798) as an increasing number of students complete their studies. The total number of members has increased during the year by 2.3% to 31,847 (2018: 31,131). The number of examinations sat in the year increased by 17% to over 41,000 which helped produce a spike in that income during the year. This will fall in 2019 as some of the popular early stage examinations have been combined into a single examination for the new curriculum launched in April 2019.

The loss after taxation for the Group for the year was £0.4m compared to a loss of £0.7m in 2018. This is in line with the IFoA's five year financial plan.

The overall aim of the current financial plan is to achieve a breakeven position over the medium term, while in the short term enabling the IFoA to invest from reserves in specific activities. In 2019/20 we will be investing in a review of our operational processes and systems in order to enhance the member experience.

The key changes to revenue and expenditure in the year are:

- **Subscriptions and other revenue increased by £0.8m to £15.2m**

This increase is due to continued growth in member numbers with the total membership increasing from 31,131 at the start of the year to 31,847 on the 28th February 2019 which is equivalent to an increase of 2.3% during the year.

- **Pre-qualification learning and development revenue increased by £3m to £20.1m**

The IFoA continued to see an increase in demand for its examinations, in particular due to the last examinations sittings under the previous curriculum. During the year the extra income on the CT9 examination, which was delayed from the previous year, provides a one off boost to income. There was an increase in revenue for the new tuition material to support the new curriculum.

- **Employment Cost increased by £0.2m (1.7%) to £10.9m**

There was a planned increase in staff numbers from 165 to 169 during the year.

- **Other Operating Charges increased by £2.8m (11%) to £27.9m**

Other operating expenses have risen in line with the overall increase revenue. In particular, the cost of providing an increased number of examinations in the year.

Financial position and cash flow

Net assets at 28 February 2019 were £12.3m (2018: £12.7m), including cash and cash equivalents of £15.1m (2018: £15.7m). The decrease was in part due to increased investment in the joint venture.

Net cash outflow from operating activities was £0.5m in the year (2018 inflow of: £1.3m). Capital expenditure was negligible in the year as it had been in the previous year

The IFoA holds reserves to: provide working capital to cover seasonal fluctuations in income and expenditure and avoid the need to borrow; meet emergency calls for cash and protect against immediate business interruption; meet foreseeable future commitments; and invest in specific projects from time to time.

Cash assets are held as short term and long term bank deposits spread across four financial institutions; NatWest Bank, Barclays Bank, Nationwide Building Society and Bank of Scotland.

Scottish Endowment Fund

Following the merger of the Faculty of Actuaries in Scotland and the Institute of Actuaries in 2010 to form the Institute and Faculty of Actuaries it was agreed to create a notional fund of £500k (plus annual interest) to facilitate actuarial activities in Scotland. The remaining balance on the Endowment Fund at 28 February 2019 was £131k.



Jules Constantinou
President

29th May 2019



Derek Cribb
Chief Executive

29th May 2019

The Council of the Institute and Faculty of Actuaries ("the Council") is required by the Bye-laws of the Institute and Faculty of Actuaries ("IFoA") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the IFoA as at the end of the financial year and of the net result, total recognised gains and losses and cash flows for that year.

Management Board, through its delegated authority from Council, confirms that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 28 February 2019.

Management Board, on behalf of Council, also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Council and Management Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the IFoA. It is also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Council and Management Board Member is aware at the time the report is approved:

- There is no relevant audit information of which the IFoA auditors are unaware;
- Each Council and Management Board Member has taken all steps that they ought to have taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.



Jules Constantinou
President

29th May 2019



Derek Cribb
Chief Executive

29th May 2019

Independent auditor's report to the Council of the Institute and Faculty of Actuaries

Opinion

We have audited the financial statements of Institute and Faculty of Actuaries (IFoA) for the year ended 28 February 2019 which comprise the Consolidated Statement of Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the IFoA's affairs as at 28 February 2019 and of the net loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the Bye-laws of the IFoA.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the IFoA in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the IFoA's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council are responsible for the other information. The other information comprises the information included in the financial review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council of the IFoA

As explained more fully in the Statement of the Responsibilities of the Council of the IFoA, set out on page 3, the Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the IFoA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the IFoA's Council. Our audit work has been undertaken so that we might state to the IFoA's Council those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the IFoA and the IFoA's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Haysmacintyre LLP (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: *12th June 2019.*

10 Queen Street Place
London
EC4R 1AG

Institute and Faculty of Actuaries
Consolidated Statement of Income
for the year ended 28 February 2019

	Notes	2019		2018	
		Group £000	IFoA £000	Group £000	IFoA £000
Revenue					
Subscriptions and other operating income	4	15,161	13,910	14,400	13,133
Pre-qualification learning and development	5	20,126	12,137	17,137	10,140
Post-qualification learning and development		3,047	3,047	3,238	3,238
		<u>38,334</u>	<u>29,094</u>	<u>34,775</u>	<u>26,511</u>
Expenditure					
Employment costs	6	(10,860)	(10,453)	(10,676)	(10,354)
Other operating charges	7	(27,878)	(18,876)	(25,109)	(17,240)
		<u>(38,738)</u>	<u>(29,329)</u>	<u>(35,785)</u>	<u>(27,594)</u>
Operating (Loss)	8	(404)	(235)	(1,010)	(1,083)
Finance and other income	9	269	260	242	235
Profit on disposal of financial assets		-	-	525	525
Share of losses of Joint Venture	12	(185)	-	(282)	-
(Loss) before tax		(320)	25	(525)	(323)
Taxation	10	(35)	(67)	(218)	(202)
(Loss) for the year		<u>(355)</u>	<u>(42)</u>	<u>(743)</u>	<u>(525)</u>

Statement of Comprehensive Income for the year ended 28 February 2019

	Notes	2019		2018	
		Group £000	IFoA £000	Group £000	IFoA £000
(Loss) for the year		(355)	(42)	(743)	(525)
Other Comprehensive Income					
Unrealised gain on revaluation of investments	15	(38)	(38)	2	2
Reclassification on disposal of available for sale assets		-	-	(506)	(506)
Movement in Deferred Tax for the year	11	13	13	48	48
Other comprehensive (expenditure) / income for the year net of tax		<u>(25)</u>	<u>(25)</u>	<u>(456)</u>	<u>(456)</u>
Total comprehensive income for the year		<u>(380)</u>	<u>(67)</u>	<u>(1,199)</u>	<u>(981)</u>

	Notes	2019		2018	
		Group £000	IFoA £000	Group £000	IFoA £000
Non-current assets					
Property, plant and equipment	13	1,193	1,193	1,516	1,516
Intangible assets	14	207	207	220	220
Available for sale financial assets	15	8,948	8,948	8,781	8,781
Historical assets	16	1,191	1,191	1,184	1,184
Investment in associate	12	478	945	513	795
		<u>12,017</u>	<u>12,484</u>	<u>12,214</u>	<u>12,496</u>
Current assets					
Inventories		16	16	15	15
Trade and other receivables	18	3,724	1,782	3,081	1,403
Cash and cash equivalents		15,106	13,757	15,749	14,096
		<u>18,846</u>	<u>15,555</u>	<u>18,845</u>	<u>15,514</u>
Total assets		30,863	28,039	31,059	28,010
Current liabilities					
Trade and other payables	19	(3,954)	(2,658)	(4,174)	(2,907)
Corporation tax		(35)	(67)	(126)	(110)
Contract Liabilities	20	(13,724)	(12,424)	(13,080)	(11,887)
Deferred rent		(135)	(135)	(135)	(135)
		<u>(17,848)</u>	<u>(15,284)</u>	<u>(17,515)</u>	<u>(15,039)</u>
Non-current liabilities					
Deferred taxation	11	(92)	(92)	(104)	(104)
Deferred rent		(617)	(617)	(754)	(754)
		<u>(709)</u>	<u>(709)</u>	<u>(858)</u>	<u>(858)</u>
Total liabilities		(18,557)	(15,993)	(18,373)	(15,897)
Net assets		12,306	12,046	12,686	12,113
Reserves					
General fund		11,532	11,272	11,887	11,314
Investment revaluation reserve		774	774	799	799
		<u>12,306</u>	<u>12,046</u>	<u>12,686</u>	<u>12,113</u>

The financial statements on pages 5 to 20 were approved and authorised for issue by Management Board on behalf of Council on 29th May 2019 and signed on its behalf by:



Jules Constantinou
President



Derek Cribb
Chief Executive

Group and IFoA	Investment		Total £000
	General Fund £000	Revaluation Reserve £000	
Balance as at 1 March 2017	12,630	1,255	13,885
(Loss) for the year	(743)	-	(743)
Other comprehensive income /(expenditure)	-	(456)	(456)
Balance as at 1 March 2018	<u>11,887</u>	<u>799</u>	<u>12,686</u>
(Loss) for the year	(355)	-	(355)
Other comprehensive income /(expenditure)	-	(25)	(25)
Total comprehensive (expenditure) / income	<u>(355)</u>	<u>(25)</u>	<u>(380)</u>
Balance as at 1 March 2019	<u>11,532</u>	<u>774</u>	<u>12,306</u>

IFoA	Investment		Total £000
	General Fund £000	Revaluation Reserve £000	
Balance as at 1 March 2017	11,839	1,255	13,094
(Loss) for the year	(525)	-	(525)
Other comprehensive income/(expenditure)	-	(456)	(456)
Balance as at 1 March 2018	<u>11,314</u>	<u>799</u>	<u>12,113</u>
(Loss) for the year	(42)	-	(42)
Other comprehensive income/(expenditure)	-	(25)	(25)
Total comprehensive (expenditure) / income	<u>(42)</u>	<u>(25)</u>	<u>(67)</u>
Balance as at 1 March 2019	<u>11,272</u>	<u>774</u>	<u>12,046</u>

Institute and Faculty of Actuaries
Consolidated Statement of Changes in Cash Flow
for the year ended 28 February 2019

	Notes	2019		2018	
		Group £000	IFoA £000	Group £000	IFoA £000
Cash flow used in operating activities					
Loss for the year		(355)	(42)	(743)	(525)
Depreciation - Tangible Assets	13	323	323	527	527
Amortisation - Intangible Assets	14	13	13	12	12
Finance income		(269)	(260)	(242)	(235)
Current Tax charge		35	67	218	202
Profit on disposal of investments and intangible assets		-	-	(525)	(525)
Joint Venture Impairment		185	-	282	-
Increase in inventories		(1)	(1)	(3)	(3)
(Increase) / decrease in debtors		(642)	(378)	748	741
Increase / (decrease) in creditors and contract liabilities		287	151	1,111	828
Cash (used in) operations		(424)	(127)	1,385	1,022
Taxation		(126)	(110)	(107)	(107)
Net cash from operating activities		(550)	(237)	1,278	915
Cash flow from investing activities					
Finance income received	9	269	260	242	235
Dividends reinvested		(205)	(205)	(210)	(210)
Monies received from Pension Fund		-	-	2,107	2,107
Movement on investment in associate		(150)	(150)	(300)	(300)
Sale of assets for resale		-	-	540	540
Purchase of historical assets	16	(7)	(7)	(1)	(1)
Net (decrease) / increase in cash and cash equivalents		(643)	(339)	3,656	3,286
Cash and cash equivalents at 1 March 2018		15,749	14,096	12,093	10,810
Cash and cash equivalents at 28 February 2019		15,106	13,757	15,749	14,096

1. General Information

The Institute and Faculty of Actuaries (IFoA) is a professional body incorporated under Royal Charter. The financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Basis of preparation

The financial statements are prepared in accordance with the Bye-laws of the IFoA and IFRS as adopted by the European Union.

Adoption of new and revised standards

Changes to Standards are listed below, where relevant to the Group. Adoption of these Standards has not had a material impact on the financial statements.

Standards and Interpretations adopted in the current financial year

- a. IFRS 9 – Financial Instruments. This standard was effective from periods commencing from 1 January 2018. A review has been completed and in line with the existing policy have elected to classify the investments at Fair Value through Other Comprehensive Income, there is no impact on the Financial statements of the IFoA from this classification.
- b. IFRS 15 – Revenue from contracts with customers. Where the IFoA receives revenue for an Entrance Fee, a one off payment payable on initial application for eligibility for student membership. The fee is non-refundable and does not entitle the applicant of membership, this revenue therefore is not impacted by IFRS 15.

Standards and Interpretations in issue but not yet effective

- b. IFRS 16 – Leases. This standard is effective for accounting periods beginning on or after 1 January 2019. The implementation of this standard is expected to have a material impact on the financial statements of the IFoA. The new standard removes the distinction between operating leases and finance leases, requiring all significant leases to be accounted for as finance leases. This will result in additional assets and liabilities relating to the IFoA's property leases to be recognised in the Statement of Financial Position, as well as additional depreciation and finance charges being recognised in the Consolidated Statement of Income.

3. Significant Accounting Policies

a) Basis of consolidation

Where the IFoA has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the IFoA and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated.

b) Foreign currencies

Transactions in foreign currencies are converted into sterling, which is the reporting currency of the group, at exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from settlement are recognised in the income statement.

c) Revenue recognition

Subscription income, Certificate fees and Designated Professional Body regulatory fees have been apportioned over the periods to which they relate. The subscription year ends on 30 September.

3. Significant Accounting Policies (cont.)

Revenue received from Events, Examinations and Tuition activities is recognised by reference to the date that services are provided. Deferred income from these activities represents amounts invoiced but not yet earned and deferred expenditure represents expenditure incurred that is matched to relevant deferred income.

d) Leases

Costs of operating leases are charged to the income statement on a straight line basis over the period of the relevant agreement. For property leases where a rent free period is agreed, this is spread over the life of the lease.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of the assets over their estimated useful lives and assume nil residual value. Assets of less than £2,000 are written off when acquired; IT equipment, furniture and fittings over £2,000 and the Website are depreciated on a straight line basis over 4 years, leasehold property is depreciated over the life of the lease.

f) Intangible Asset

The Intangible Asset is the cost of the title of the Actuary Magazine. Amortisation is charged on a straight line basis on the estimated useful economic life of the asset of 20 years. The impairment of Intangible assets is considered annually, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable and provisions made where necessary.

g) Inventories

Inventories are valued at historical cost less amounts written off in respect of diminution in value.

h) Taxation including deferred taxation

The tax currently payable is based on the total taxable profit for the year which relates to investment income. Taxable profit differs from the profit as reported in the Income Statement because it includes items of income and expenditure that are taxable or deductible in other years and further includes items that are never taxable or deductible.

Deferred tax is provided at the substantive adapted rate applicable at the balance sheet date on any gain in investment values at the balance sheet date and adjusted on a yearly basis

i) Financial assets

Investments available for sale

Interest-bearing investments, equities and unit trusts held for the purposes of generating long-term investments income are treated as non-current investments available for sale and are included at market value at the year end date. Gains and losses on re-measurement are taken to the investment revaluation reserve initially and are recognised in the statement of comprehensive income. On disposal, the cumulative gain or loss previously recognised in reserves is reclassified to profit or loss.

The IFoA invests a significant portion of its cash reserves in a mixture of government and investment grade bonds (75%) as well as UK and World stock market index tracking investments (the balance of 25%). The aim of this policy is to try to make these reserves retain value after the impact of inflation. The value of these investments at the balance sheet date is £8.9m (2018: £8.8m).

Other Investments

The historical assets collection contains a number of books and documents illustrating the application of actuarial science throughout history. These are reported in the financial statements based on market value. These assets are determined by Council to have indeterminate lives and high residual value therefore it is not considered appropriate to charge depreciation. The collection is valued by external experts every 5 years, and was most recently revalued in February 2015.

j) Impairment

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

l) Associate

Investments in associates are accounted for using the equity method. IFoA's interest in the net assets of their associate is included in investment in associated in the consolidated statement of financial position, and its interest in their results, in the consolidated income statement below the operating result. The associate is an entity over which the IFoA has significant influence to participate in, but not control over, the financial and operating policies of the company.

m) Going Concern

The financial statements have been prepared on a going concern basis. The Group continues to generate sufficient working capital despite making an operating loss. The Council believe that the Group will continue to generate cash from its operations in the foreseeable future and therefore consider it appropriate to prepare the accounts under the going concern assumption.

n) Financial risk management

Currency risk

The majority of IFoA transactions are carried out in sterling. The organisation does not currently hedge against currency exchange movements.

Liquidity, credit and interest rate risk

Liquidity risk arises from the IFoA's management of working capital. It is the risk that the IFoA will encounter difficulty in meeting its financial obligations as they fall due. IFoA receives the majority of its income as subscriptions in the three months from August to October, or as exam fees relating to two exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk.

Cash surpluses are invested in interest bearing current and call accounts and also a number of term deposits with major banks. At the balance sheet date IFoA held £9.1m (2018: £7.7m) in current accounts, £4m (2018: £3.0m) in notice accounts and £2m (2018: £5.0m) in term deposits.

As a result of holding investments as cash deposits with financial institutions, the IFoA is exposed to interest rate fluctuations. These investments are spread to avoid excessive concentration in any specific institution and are monitored on a regular basis.

Equity price risk

Equity risk arises from the fluctuations in the market price of the investments available for sale. The IFoA does not actively trade in these investments, although as noted under j) Financial Assets does hold investments available for sale.

3. Significant Accounting Policies (cont.)

k) Retirement benefits

Defined Contribution Scheme

Employer contributions to the defined contribution personal pension plan are charged to the income and expenditure statement as incurred.

4. Subscriptions and other income

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions, admissions, certificate fees	13,274	13,274	12,605	12,605
Income from research (CMI Limited)	1,251	-	1,267	-
Designated Professional Body regulation	375	375	384	384
Royalties	-	-	30	30
Actuary magazine	5	5	8	8
Management service fees	46	46	48	48
List of actuarial advisors	17	17	23	23
Disciplinary fines	32	32	29	29
Research Sponsorship	154	154	-	-
Other Income	7	7	6	6
	<u>15,161</u>	<u>13,910</u>	<u>14,400</u>	<u>13,133</u>

5. Pre-qualification learning and development

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Examinations	18,604	10,615	15,955	8,958
Exemptions	1,245	1,245	937	937
Tuition materials	277	277	245	245
	<u>20,126</u>	<u>12,137</u>	<u>17,137</u>	<u>10,140</u>

6. Employment costs

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Wages and salaries	(8,797)	(8,390)	(8,618)	(8,296)
Social security costs	(964)	(964)	(903)	(903)
Pension costs	(1,099)	(1,099)	(1,155)	(1,155)
	<u>(10,860)</u>	<u>(10,453)</u>	<u>(10,676)</u>	<u>(10,354)</u>

The number of staff employed by the group at 28 February 2019 was 169 (2018: 165). The number of staff employed by the IFoA at 28 February 2019 was 165 (2018:161).

The remuneration of the Chief Executive and other Executive Directors for the financial year ended 28 February 2019 is disclosed below:

	IFoA	IFoA	IFoA	IFoA
	2019	2018	2019	2018
	Derek Cribb (Chief Executive)	Derek Cribb (Chief Executive)	Executive Directors (excl. CE)	Executive Directors (excl. CE)
	£000	£000	£000	£000
Short-term benefits	312	304	766	603
Bonus	82	85	109	129
Post-employment benefit	-	-	79	68
	<u>394</u>	<u>389</u>	<u>954</u>	<u>800</u>

The Remuneration Committee reviewed, on behalf of Management Board and Council, the objectives, the achievement of those objectives and remuneration package of the Chief Executive. Executive salaries are benchmarked against market salary levels, as assessed by an independent external provider. The number of Directors (excluding Chief Executive) employed at 28 February 2019 was 5 (2018:4).

7. Other operating charges

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Central activities	(7,459)	(7,867)	(7,907)	(8,228)
Pre-qualification learning and development	(13,314)	(5,325)	(11,385)	(4,388)
Post-qualification learning and development	(1,744)	(1,744)	(1,879)	(1,879)
Participation in other bodies	(1,152)	(1,152)	(1,029)	(1,029)
Learned society and research	(1,843)	(422)	(1,321)	(128)
Professional / ethical standards	(1,026)	(1,026)	(677)	(677)
Member services	(1,195)	(1,195)	(752)	(752)
Practice areas and member interest groups	(114)	(114)	(116)	(116)
Designated Professional Body Regulation	(31)	(31)	(43)	(43)
	<u>(27,878)</u>	<u>(18,876)</u>	<u>(25,109)</u>	<u>(17,240)</u>

8. Operating loss

The Group and IFoA operating loss is stated after charging:

	2019 Group £000	2018 Group £000
Employment costs	(10,860)	(10,676)
Depreciation	(323)	(527)
Amortisation of intangibles	(13)	(12)
President's and Council Members' expenses	(46)	(42)
Audit fees	(52)	(43)
Operating lease	(790)	(730)
Committee Expenses	(40)	(28)

9. Finance and other income

	2019 Group £000	2019 IFoA £000	2018 Group £000	2018 IFoA £000
Bank interest	28	19	11	4
Interest from investment deposits	35	35	20	20
Dividends from investments	206	206	211	211
	<u>269</u>	<u>260</u>	<u>242</u>	<u>235</u>

10. Taxation

The IFoA is charged corporation tax on its investment income only. CMI Limited is charged corporation tax on income arising from subscribers and transactions with parties other than its subscribers

	2019 Group £000	2019 IFoA £000	2018 Group £000	2018 IFoA £000
Current tax	18	50	126	110
Prior year under provision	17	17	92	92
Tax on (loss)/surplus on ordinary activities	<u>35</u>	<u>67</u>	<u>218</u>	<u>202</u>
(Loss) / surplus before tax	(320)	25	(525)	(323)
Tax at the UK corporation tax rate of 19%	(61)	5	(105)	(65)
Effects of non-taxable items	10	(88)	(205)	(229)
Prior year (over) / under provision	16	16	92	92
	<u>(35)</u>	<u>(67)</u>	<u>(218)</u>	<u>(202)</u>

11. Movement in Deferred taxation

	2019 Group £000	2019 IFoA £000	2018 Group £000	2018 IFoA £000
Balance at 1st March 2018	104	104	153	153
Deferred tax on fair value movement on available for sale assets	(13)	(13)	(48)	(48)
Balance at 28th February 2019	91	91	104	104

12. Interests in subsidiaries and associate companies

The IFoA has three 100% owned subsidiary undertakings and one associate.

The IFoA owns ten £1 ordinary shares comprising 100% of the issued share capital of Institute and Faculty Education Limited ("IFE"), a company incorporated in Great Britain, which provides tuition to persons studying for the professional examinations of the IFoA. Under the terms of an agreement dated 25 July 1995 IFE appointed Actuarial Education Company Limited ("ActEd"), a wholly owned subsidiary of BPP Actuarial Education Limited, to provide tuition services. ActEd makes a charge to IFE for such services equivalent to IFE's income. The results of IFE for the year to 28 February 2019 are included in the consolidated accounts.

The IFoA owns one £1 ordinary share comprising 100% of the issued share capital of Continuous Mortality Investigation Limited ("CMI Limited"), a company incorporated in England and Wales, which was established to take on the transfer of the unincorporated association Continuous Mortality Investigation on 1 March 2013. CMI Limited has been accumulating and analysing data on mortality and morbidity risk arising under life, annuity and pension business for around 90 years. The results for CMI Limited for the year to 28 February 2019 are included in the consolidated accounts.

The IFoA owns ten £1 ordinary shares comprising 100% of the issued share capital of ICA 98 Limited, a company incorporated in England and Wales. ICA 98 Limited provides services to IFoA members and students based in the Asia Pacific Area from offices in Beijing and Singapore. The results for ICA 98 Limited for the year to 28 February 2019 are included in the consolidated accounts.

The IFoA owns one £1 share comprising of 50% of the issued share capital of CAA Global Limited, a company incorporated in England and Wales. CAA Global Limited provides examination for the Certified Actuarial Analyst qualification and its marketing and support globally. The other 50% of the issued share capital is owned by the Society of Actuaries an American based actuarial membership body. The value of the investments by IFoA in CAA Global Limited is shown as the investment in joint venture adjusted for any impairment in that value relating to its trading activities for the 12 months to 28th February 2019 as shown below:

Investment in Associate

	2019	2018
CAA Global Ltd: 50% Shareholding	£000	£000
Investment value :	513	495
Additional Investment	150	300
(Share of loss) :	<u>(185)</u>	<u>(282)</u>
Net Value :	<u>478</u>	<u>513</u>

13. Property, plant and equipment – Group and IFoA

	Leasehold Property £000	IT equipment £000	Fixtures & fittings £000	Website	Total £000
Cost or valuation:					
as at 1 March 2018	2,028	615	537	438	3,618
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
as at 28 February 2019	<u>2,028</u>	<u>615</u>	<u>537</u>	<u>438</u>	<u>3,618</u>
Depreciation:					
as at 1 March 2018	741	588	517	256	2,102
Provided in year	181	20	12	110	323
Disposals	-	-	-	-	-
as at 28 February 2019	<u>922</u>	<u>608</u>	<u>529</u>	<u>366</u>	<u>2,425</u>
Net Book Value at 28 February 2018	1,287	27	20	182	1,516
Net Book Value at 28 February 2019	<u>1,106</u>	<u>7</u>	<u>8</u>	<u>72</u>	<u>1,193</u>

14. Intangible assets – Group and IFoA

Intangible Assets Actuary Magazine title

	IFoA Totals £000
Cost or valuation:	
as at 1 March 2018	250
Additions	-
Disposals	-
as at 28 February 2019	<u>250</u>
Accumulated amortisation	
as at 1 March 2018	30
Charge for the year	13
Disposals	-
as at 28 February 2019	<u>43</u>
Net Book Value at 28 February 2018	220
Net Book Value at 28 February 2019	<u>207</u>

15. Available for sale financial assets – Group and IFoA

	2019	2018
	Group	Group
	£000	£000
as at 1 March	8,781	9,087
Additions	205	210
Disposals	-	(540)
Unrealised gain / (loss) on revaluation	(38)	2
Realised gain on disposal	-	22
as at 28 February	<u>8,948</u>	<u>8,781</u>

All the investments are denominated in sterling and are publicly traded in the UK. Fair values have been determined by reference to Stock Exchange quoted bid prices at the close of business on the balance sheet date. The historical cost of listed investments at 28 February 2019 was £8.5m (2018: £8.3m). The investments reflect the decision by IFoA to invest reserves in a mix of investment grade bonds and other stock market pooled funds. The aim is to minimise the impact of inflation on these investments, whilst earning a return more than holding cash on deposits in the current low interest rate environment. The holdings are reviewed by Management Board on a regular basis.

The disposals in the year relate to the remainder of various stock market investments some of which were purchased in the 1960's that were considered outside the current investment policy.

16. Historical assets – Group and IFoA

	2019	2018
	Group	Group
	£000	£000
as at 1 March	1,184	1,183
Additions	7	1
Unrealised gain / (loss) on revaluation	-	-
as at 28 February	<u>1,191</u>	<u>1,184</u>

The historical books were revalued in February 2015 by Pickering & Chatto, Antiquarian Booksellers. No revaluation was considered necessary in 2019.

17. Retirement benefit asset

The IFoA operated a defined benefit scheme for permanent staff. This Scheme was closed to new members from 1 January 2003 and was closed to future accrual on 28 February 2013. The assets of the Scheme were held separately from those of the IFoA. The scheme was wound up on the 29th June 2017. The opening balance as at 1 March 2017 was £2.1m, during the year ending 28th February 2018 the surplus settlement £1.9m was received and the final administration costs of £161k as final closure of the scheme to future transactions, with a closing balance of £nil as at 28 February 2018.

IAS 19 valuation

The Scheme's actuary provided a separate report for IAS 19 purposes at each year end. As the scheme closed on the 29th June 2017 no report is necessary for 28th February 2018. Final termination statements were made up to the 29th June 2017,

The scheme was a final salary defined benefit Scheme which closed to new entrants with effect from 1 January 2003. On 28 February 2013 the Scheme closed to future accrual. Wind-up of the scheme was triggered on 13 May 2016 and a final premium to buy-out scheme benefits was paid on the 9 November 2016. The pensioners receive inflation-linked increases in deferment and payment. The Trustees have sought to eliminate risk in the Scheme by completing a full buy-out of Scheme benefits.

18. Trade and other receivables

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Trade receivables	993	407	970	317
Amounts owed by subsidiaries	-	217	-	78
Prepayments and accrued income	1,072	1,072	964	962
Deferred expenditure	1,301	-	1,061	-
Other receivables	358	86	86	46
	<u>3,724</u>	<u>1,782</u>	<u>3,081</u>	<u>1,403</u>

19. Trade and other payables

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Trade payables	1,693	397	1,377	96
Amounts owed to subsidiaries	-	-	-	14
Taxation and social security costs	298	298	264	264
Amounts held on behalf of members	22	22	19	19
Accruals	1,941	1,941	2,467	2,467
Other payables	-	-	47	47
	<u>3,954</u>	<u>2,658</u>	<u>4,174</u>	<u>2,907</u>

20. Contract Liabilities

	2019		2018	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions	6,811	6,811	6,521	6,521
Tuition fees	1,300	-	1,193	-
Examination fees	4,703	4,703	4,613	4,613
Events fees	142	142	123	123
Practising certificates	517	517	533	533
Other contract liabilities	251	251	97	97
	<u>13,724</u>	<u>12,424</u>	<u>13,080</u>	<u>11,887</u>

21. Commitments – Group and IFoA

At 28 February 2019 the IFoA had outstanding total commitments under non-cancellable leases for land and buildings and other are as follows, this includes a rent review for Oxford in 2019, a review is currently in progress for the other premises.

	2019 £000	2018 £000
Within 1 year	799	748
In 2 to 5 years	3,221	3,367
More than 5 years	<u>1,448</u>	<u>1,670</u>
	<u>5,468</u>	<u>5,785</u>

22. Related party disclosures

Council members occasionally get paid a fee for work in connection with the IFoA's examinations in the same way and at the same rates as other members but this has no bearing on their being a Council member.